

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4778-01
Bill No.: HB 1124
Subject: Motor Vehicles; Transportation
Type: Original
Date: January 27, 2014

Bill Summary: This proposal changes the definition of certain off-highway vehicles.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
General Revenue	Unknown	Unknown	Unknown
Total Estimated Net Effect on General Revenue Fund	Unknown	Unknown	Unknown

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Conservation Fund	Unknown	Unknown	Unknown
Parks/Soils Tax Fund	Unknown	Unknown	Unknown
State Schools Monies Fund	Unknown	Unknown	Unknown
Total Estimated Net Effect on <u>Other</u> State Funds	Unknown	Unknown	Unknown

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Local Government	Unknown	Unknown	Unknown

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Transportation** assume the proposal will have no fiscal impact on their organization.

Officials from the **Department of Revenue (DOR)** state the following procedures will need to be implemented for the changes in this proposal:

- Procedures will need to be revised by a Management Analyst Specialist I requiring 40 hours at a cost of \$840 in FY '15.
- Correspondence will need to be drafted and communicated to all power sport dealers to ensure they are aware of the new definitions and potential changes in the taxing of such vehicles. This will require 40 hours at a cost of \$840 in FY '15.
- The Department's website will need to be updated. This will require 10 hours for an Administrative Analyst III, at a cost of \$230 in FY '15.

In summary, DOR assumes a cost of \$1,070 (\$840 + \$840 + \$230) in FY 2015 to provide for the implementation of the changes in this proposal.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

Currently, all terrain vehicles (ATV) are titled and registered under Section 301.700, RSMo, while recreational off highway vehicles (ROV), as currently defined, are not.

The definition changes in this legislation have effectively shifted some ROV's into the definition of an ATV. Therefore, there will be a requirement for more recreation off-highway vehicles, now falling under the definition of ATV, to be titled and registered with the Department and taxes to be collected at the time of titling, not at the time of sale.

The Department of Revenue anticipates a slight increase in revenue from the changes. As stated above, more ROV's will now be considered ATV's. Because of this, they will be taxed each time sold (upon titling) when they were never taxed after the initial purchase. It's unknown how this will impact total state revenue.

KC:LR:OD

ASSUMPTION (continued)

Since it is unknown how much of an increase in revenue the changes in this legislation will bring from more ROV's being considered ATV's, **Oversight** will estimate an increase in revenue to the General Revenue Fund, Conservation Fund, Parks/Soils Tax Fund, State Schools Monies Fund and Local Political Subdivisions of "Unknown".

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
GENERAL REVENUE FUND			
<u>Revenue - DOR</u> Changing the definition of ROV's	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
CONSERVATION FUND			
<u>Revenue - DOR</u> Changing the definition of ROV's	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE CONSERVATION FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
PARKS/SOILS TAX FUND			
<u>Revenue - DOR</u> Changing the definition of ROV's	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE PARKS/SOILS TAX FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
STATE SCHOOLS MONIES FUND			
<u>Revenue - DOR</u> Changing the definition of ROV's	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE STATE SCHOOLS MONIES FUND	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
LOCAL POLITICAL SUBDIVISIONS			
<u>Revenue - DOR</u> Changing the definition of ROV's	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>
ESTIMATED NET EFFECT TO THE LOCAL POLITICAL SUBDIVISIONS	<u>Unknown</u>	<u>Unknown</u>	<u>Unknown</u>

FISCAL IMPACT - Small Business

Small businesses that sell recreation off-highway vehicles and license offices may expect to have a fiscal impact as a result of this proposal.

FISCAL DESCRIPTION

This proposal changes the laws regarding all-terrain vehicles, recreational off-highway vehicles, and utility vehicles. Currently, an all-terrain vehicle and a recreational off-highway vehicle must have a seat designed to be straddled by the operator or a seat designed to carry more than one person and specific steering controls. The proposal removes these requirements. The maximum allowable width of a recreational off-highway vehicle is increased from 64 inches to 67 inches. The maximum width of a utility vehicle is increased from 63 inches to 67 inches and the maximum unladen dry weight is increased from 1,850 pounds to 2,000 pounds.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Transportation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is fluid and cursive, with the first name "Mickey" and last name "Wilson" clearly distinguishable.

Mickey Wilson, CPA
Director
January 27, 2014

Ross Strobe
Assistant Director
January 27, 2014